

NEW MEXICO PUBLIC SCHOOL INSURANCE AUTHORITY

PROPERTY, AUTOMOBILE PHYSICAL DAMAGE & CRIME COVERAGES

MEMORANDUM OF COVERAGE – MOCP018

July 1, 2015 to June 30, 2016

ISSUED BY: New Mexico Public School Insurance Authority
410 Old Taos Highway
Santa Fe, New Mexico 87501

DECLARATION:

Pursuant to NMSA 1978, §22-29-1 et seq. and New Mexico Administrative Code, Title 6, Chapter 50, Parts 1-18, this Memorandum of Coverage (“**Memorandum**”) is an agreement by the New Mexico Public School Insurance Authority (the “**Authority**”) and its “**Members**,” as listed in Schedule A attached hereto, to provide or obtain insurance protection for all covered losses subject to the limits and other terms and conditions of this “**Memorandum**” and any endorsements attached. This “**Memorandum**” is intended to describe the terms and conditions of coverage which the “**Authority**” provides as well as the terms and conditions of coverage provided by Public Entity Property Insurance Program (“**PEPIP**”) for claims in amounts excess of what the “**Authority**” provides. In consideration of the contributions paid by the “**Members**” this “**Memorandum**” provides the coverages as set forth in this below.

Throughout this “**Memorandum**,” words and phrases that appear in bold type and quotation marks have special meaning. They are defined in the DEFINITION section and the definitions are controlling as to the meaning of those words and phrases unless modified by definitions in specific coverages.

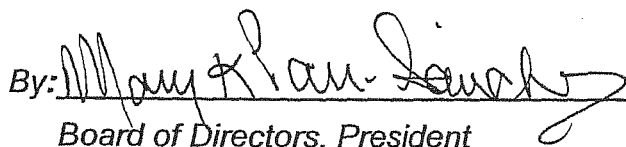
Term of Memorandum of Coverage:

This “**Memorandum**” is effective from July 1, 2015 to June 30, 2016, 12:01 A.M. local Standard Time at the address shown above. However, as respects Coverage C only, this “**Memorandum**” is effective after 12:01 A.M. local Standard Time, July 1, 1986.

Territory:

Coverage under this “**Memorandum**” applies to “**Covered Property:**” 1) located on the “**Member’s**” premises; 2) while in transit within and between the United States of America, Puerto Rico and Canada; and 3) to such other locations as are specified in this “**Memorandum**.”

New Mexico Public Schools Insurance Authority

By:  6-4-2015
Board of Directors, President Date

This “Memorandum” consists of the following coverage parts:

COVERAGE A:	PROPERTY COVERAGE
COVERAGE B:	AUTOMOBILE PHYSICAL DAMAGE
COVERAGE C:	CRIME COVERAGE

COVERAGE A: PROPERTY COVERAGE

Section 1) PROPERTY COVERED:

This “Memorandum” covers the following property located within the “Coverage Territory,” to the extent of “Your” interest in such property and subject to all of the terms, conditions and exclusions of this “Memorandum” and also subject to its “Limits of Liability:”

- A) “Real Property,” as described in the most recently conducted building appraisal on file with “Us” and “Our” excess insurers, including new buildings and additions under construction at a “Covered Location” and existing buildings undergoing reconstruction, alteration, installation, renovation or repair, in which “You” have an insurable interest;
- B) “Personal Property” “You” own, including “Your” interest in improvements and betterments to buildings that “You” do not own.
- C) “Personal Property” of others in “Your” custody to the extent of “Your” interest in and legal liability for direct loss or physical damage to the “Personal Property” of others.
- D) The interests of contractors and subcontractors in material and associated labor incorporated into “Covered Property” or material to be incorporated into “Covered Property” which “You” have not paid for as of the “Date of Loss” to the extent of “Your” legal liability for such loss or damage. Such interest of contractors and subcontractors is limited to the “Covered Property” for which they have been hired to perform work and such interest will not extend to any “Time Element” coverage provided under this “Memorandum.”
- E) “Your” interest in “Personal Property” which is undergoing construction, reconstruction, alteration, installation, renovation or repair.

Section 2) COVERED PERILS:

This “Memorandum” covers against risks of direct physical loss or damage to “Covered Property” caused by an “Occurrence” during the “Term” of this “Memorandum” except as hereinafter excluded.

Section 3) EXTENSIONS OF COVERAGE:

A) “Personal Property” owned by “Employees:”

If “Your” governing body maintained a written policy effective prior to the “Date of Loss” stating that the “You” are willing to cover loss or damage to an “Employee’s” “Personal Property,” then “We” will pay, subject to the applicable deductible, exclusions, “Limits of Liability,” and terms and conditions of this “Memorandum,” for direct physical loss or damage caused by a “Covered Peril” to “Personal Property” owned by “Your” “Employee,” provided that the direct physical loss or damage occurs while the “Personal Property” is at “Your” “Covered Location” and is being used for purposes usual, customary, and incidental to the “Employee’s” job duties.

B) “Personal Property” owned by “Students:”

If “Your” governing body maintained a written policy effective prior to the “Date of Loss” stating that the “You” are willing to cover direct physical loss or damage to “Personal Property” owned by “Students,” then “We” will pay, subject to the applicable deductible, exclusions, “Limits of Liability,” and terms and conditions of this “Memorandum,” for direct physical loss or damage caused by a “Covered Peril” to “Personal Property” owned by “Your” “Students,” while being used for purposes usual, customary and incidental to the “Students” curriculum, provided that the loss or damage occurs while the “Personal Property” is at “Your” “Covered Location,” but only when such direct physical loss or damage occurs in conjunction with direct physical loss or damage to “Your” “Covered Property.”

C) Debris Removal:

“We” will pay, subject to the applicable terms, conditions, exclusions, deductibles and “Limits of Liability” of this “Memorandum,” “Your” necessary and reasonable expenses incurred in the removal of debris from a “Covered Location” that remains as a result of direct physical loss or damage to “Covered Property” at the “Covered Location” caused by a “Covered Peril.”

“We” will not pay for the cost of:

1. extracting “Pollutants” and “Contaminants” from land or water; or restoring or replacing “Polluted” or “Contaminated” land or water; or
2. removing any foundations other than the damaged portions of foundations which must be removed for repair or rebuilding; or
3. removing “Polluted” or “Contaminated” property or the “Contaminant” or “Pollutant” from “Covered Property” whether or not the “Pollution” or “Contamination” results from direct physical loss or damage caused by a “Covered Peril.” However, “We” will pay for the necessary and reasonable cost of removal of asbestos which has been damaged as a result of direct physical loss or damage at a “Covered Location” caused by a “Covered Peril.” “We” will only pay for cost “You” incur for asbestos removal if “You” report the cost to “Us” in writing within 180 days of the “Date of Loss.”

Under this extension of coverage for Debris Removal, “We” will pay no more than 25% of the

total amount of the direct physical loss or damage to **“Covered Property.”**

D) Increased Cost of Construction Due to Enforcement of Building Codes:

“We” will pay the reasonable and necessary costs **“You”** incur to satisfy the minimum requirements of the enforcement of any federal, state, county or municipal law or ordinance regulating the demolition, construction, repair, replacement or use of buildings or structures at a **“Covered Location,”** provided:

1. such law or ordinance is in force on the **“Date of Loss”** and
2. its enforcement is a direct result of direct physical loss or damage caused by a **“Covered Peril.”**

“We” will not pay for costs incurred due to enforcement of building codes if **“You”** would have been required to comply with such laws and ordinances even if the loss had not occurred.

“We” will pay for the cost of demolishing any undamaged portion of the building or structure, including the cost of clearing the site caused by loss from any **“Covered Peril”** and the increased cost of repair or reconstruction to permit similar occupancy of both the damaged and undamaged portion of damaged buildings or structures in order to fully satisfy the government imposed legal requirements.

“We” will not pay for the costs of removing mold or other fungi, bacteria, wet rot, dry rot, bacteria or mildew due to enforcement of laws or ordinances unless the infestation of fungi, bacteria, wet rot, dry rot, bacteria or mildew resulted from direct physical loss or damage caused by a **“Covered Peril.”**

“We” will not pay for the costs of removing **“Pollutants”** or **“Contaminants,”** except for the removal of asbestos which has been damaged by a **“Covered Peril.”**

“We” will only pay for increased cost of construction incurred to repair or rebuild the building or structure for a new use up to the amount it would have cost to restore the building to its pre-loss use as of the **“Date of Loss.”** **“We”** will not pay for increased cost of construction due to the requirements of any law or ordinance unless the **“Covered Property”** is actually repaired or replaced;

“We” will also pay reasonable and necessary architects and engineers fees up to 15% of the total incurred direct physical loss or damage incurred in satisfying government imposed legal requirements **“You”** incur as a result of direct physical loss or damage caused by a **“Covered Peril”**.

This extension of coverage shall not increase the **“Limits of Liability”** as set forth elsewhere in this **“Memorandum.”**

E) Fire Brigade Charges and Extinguishing Expenses:

If **“Covered Property”** is destroyed or damaged by a **“Covered Peril,”** **“We”** will pay for the following:

1. fire brigade charges and other extinguishing expenses which “**You**” are assessed and
2. fire extinguishing materials which are actually expended.

F) Loss of Rental or Other Income:

“**We**” will pay “**Your**” actual loss of rents or other income if “**Your**” operations are interrupted as a direct result of direct physical loss or damage to “**Covered Property**” caused by a “**Covered Peril**” whether the buildings were rented or not on the “**Date of Loss.**” “**We**” will pay only for “**Your**” actual loss of income after deduction for expenses avoided as a result of the interruption.

Loss of rental or other income coverage will begin on the “**Date of Loss**” and end on the earlier 1) of the date when, with the exercise of due diligence and dispatch, the property should have been repaired or replaced or 2) the date when “**Your**” operation is resumed at a new, permanent location.

SPECIAL EXCLUSIONS RELATED TO COVERAGE FOR LOSS OF RENTAL OR OTHER INCOME

“**We**” will not pay for an increase of loss resulting from:

1. interference by strikers or other persons with rebuilding, repairing or replacing the “**Covered Property**” or with the resumption or continuation of business; or
2. the suspension, lapse or cancellation of any lease, license, contract or order unless such suspension, lapse or cancellation results directly from the interruption of business, and then “**We**” will pay only such loss as affects “**Your**” earnings during and limited to the period from the “**Date of Loss**” until the of the date when, with the exercise of due diligence and dispatch, the “**Covered Property**” should have been repaired or replaced or the date when “**Your**” operation is resumed at a new, permanent location.
3. “**We**” will not pay for any other consequential or remote loss under this extension of coverage for Loss of Rental or Other Income.

SETTLEMENT OF LOSS – RENTAL OR OTHER INCOME:

For the purpose of this coverage, “**We**” will determine the amount of loss by adding (a) the actual rental income from the property, (b) the amount of all charges assumed by the tenants which would otherwise be “**Your**” obligations, (c) the fair rental value of that portion “**You**” occupied and (d) the income “**You**” reasonably expected from rentals of vacant portions of the property that would have been rented if no loss had occurred.

G) Transit:

“We” will pay for direct physical loss or damage caused by a “Covered Peril” to “Your” “Personal Property” or the “Personal Property” of others in “Your” actual or constructive custody while in transit within the “Coverage Territory” to the extent of the “Your” interest or legal liability.

H) Extra Expense:

“We” will pay reasonable and necessary expenses over and above “Your” ordinary business expenses in order for “You” to continue normal operations resulting from direct physical loss or damage, to “Covered Property” caused by a “Covered Peril” at a “Covered Location.” Extra Expense coverage will continue only for the period of time reasonably necessary to rebuild, repair or replace the damaged or destroyed property beginning with the “Date of Loss” during the “Term” of this “Memorandum,” but not limited by the “Expiration” of this “Memorandum.” It is a condition of this extension of coverage, that “You” must make every reasonable effort to resume operations or partial operations as soon as possible.

Any property obtained for temporary use during the period of restoration which remains after the resumption of normal operations, shall be taken into account in the adjustment of any claim for Extra Expense. “We” will determine the value of property obtained for temporary use and if “you” disagree “you” may appeal pursuant to Section 10.H) – Administrative Appeal.

I) Contingent Business Interruption:

“We” will pay Extra Expense “You” incur for a period not exceeding two consecutive weeks when access to “Your” “Covered Location” is specifically prohibited by order of civil authority as a direct result of damage to premises adjacent to “Your” “Covered Location.”

“We” will pay Loss of Rental or Other Income for a period not exceeding two consecutive weeks, when access to “Your” “Covered Location” is specifically prohibited by order of civil authority as a direct result of damage to premises adjacent to “Your” “Covered Location.” Coverage of Loss of Rental or Other Income does not begin until after 72 hours has passed from the onset of the action by civil authority.

J) Engineer's and Architect's Fees:

“We” will pay reasonable and necessary engineering and architectural fees for professional services rendered arising from a direct loss or damage to “Covered Property” caused by a “Covered Peril,” but only for an amount not to exceed 15% of the incurred loss.

K) Ingress and Egress:

“We” will pay for the actual loss “You” sustain due to the necessary interruption of the “Your” operations during the period of time when, as a direct result of direct physical damage to “Covered Property” caused by a “Covered Peril,” ingress to or egress from a “Covered Location” is physically prevented.

L) Expense to Reduce or Prevent Loss

“You” must take reasonable immediate action to minimize the extent of any covered loss. In case of actual or imminent physical loss or damage to “Covered Property” by a “Covered Peril,” “We” will pay the reasonable and necessary expenses “You” incur in taking reasonable actions for the temporary protection and preservation of “Covered Property.”

M) Rebuild at Another Site:

If a loss necessitates the complete rebuilding of a structure, “You” may rebuild that structure at a different site, but “We” will only pay the cost of rebuilding that structure at the original site.

N) Pair and Set:

If any article or articles which are part of a pair or set are lost or damaged by a “Covered Peril,” “We” will pay the reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of the article or articles, but in no event will “We” value such loss or damage as a total loss to the pair or set.

O) Service Interruption:

“We” will pay for loss due to dampness or dryness of atmosphere, extremes or changes of temperature, shrinkage, evaporation, decay or other spoilage, loss of weight, rust, contamination, and change of flavor, color, texture or finish of “Personal Property” at an “Covered Location” resulting from direct physical loss or damage to facilities owned by the public utility or other company contracted to supply natural gas, telecommunications, water electricity, or refrigeration to the “Covered Location.”

P) Terrorism Coverage:

“We” will pay for direct physical loss or damage caused by or resulting from “Terrorism” at “Your” “Covered Location.” Any cause of loss which satisfies the

definition of **“Terrorism”** is not subject to the exclusions for riot, civil commotion and other warlike perils.

Section 4) PROPERTY NOT COVERED:

“We” will not pay for loss or damage to the following:

- A) accounts, bills, currency, deeds, evidence of debt or title, money, **“Securities,”** or any other documents having a negotiable or market value, except as provided under Coverage C-Crime Coverage;
- B) land, land values, animals, fish, birds, watercourses or bodies of water whether above or below ground;
- C) aircraft or watercraft;
- D) **“Automobiles”** licensed for use on public roads, except as provided under Coverage B – Automobile Physical Damage;
- E) Sewers, drains or water mains, underground tanks, flues, piping and contents of underground pipes and piping except loss caused by fire or explosion;
- F) Land improvements including but not limited to, bridges, tunnels, dams, reservoirs, dikes, bulkheads, berms, excavations, grading, backfilling or filling, piers, wharves, and retaining walls that are not part of a building;
- G) property sold by the **“Member”** under conditional sale, trust agreement, installment, or other deferred payment plans after delivery to customers;
- H) property in transit except as otherwise provided in this **Memorandum;**
- I) **“Electronic data,” “Computer Programs” and “Software;”**
- J) bullion, jewelry, furs, precious metals or precious stone, except as provided under Coverage C-Crime Coverage;
- K) Any **“Real Property”** vacant, abandoned or unoccupied for more than 60 consecutive days prior to the **“Date of Loss”;**
- L) contractor’s and subcontractor’s machinery, tools and equipment used in the construction, renovation or repair of **“Covered Property;”**
- M) property not otherwise specifically covered under this **“Memorandum.”**

Section 5) EXCLUSIONS:

“We” will not pay for loss, damage or expense directly or indirectly caused by or resulting from any of the following:

- A) wear, tear, gradual deterioration, depletion, erosion, corrosion, inherent vice, latent defect, moths, insects and vermin; unless direct physical damage or loss not excluded by this **“Memorandum”** results, then only for the resulting damage;
- B) mold or other fungi, bacteria, wet rot, dry rot, bacteria or mildew unless directly resulting from other direct physical loss or damage to **“Covered Property”** not excluded under the **“Memorandum;”**
- C) the costs associated with the enforcement of any ordinance or law which requires **“You”** or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of mold or other fungi, wet or dry rot, bacteria or mildew unless the mold or other fungi, bacteria, wet rot, dry rot, bacteria or mildew directly results from other direct physical damage or loss not excluded under the **“Memorandum;”**
- D) any costs, expenses, fines or penalties incurred or sustained by or imposed on **“You”** at the order of any government agency, court or other authority arising from any cause whatsoever;
- E) the cost of correcting or making good faulty or defective workmanship, materials, construction or design. However, this exclusion shall not apply if direct physical damage or loss not excluded by this **“Memorandum”** results, and then only for the resulting damage;
- F) **“Breakdown”** to equipment owned, operated or controlled by **“You”** unless loss or damage results from a **“Covered Peril”** and then **“We”** will pay or

Notwithstanding the foregoing exclusion, **“We”** will pay for damage to **“Covered Property”** as follows:

1. Cracking of any part of an internal combustion gas turbine exposed to the products of combustion;
2. Damage to any structure or foundation supporting the equipment owned, operated or controlled by **“You;”**
3. Damage to any vacuum tube, gas tube or brush;
4. Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
5. An explosion unless the direct loss or damage is caused by an explosion of a steam boiler; electric steam generator; steam piping; steam turbine; steam engine; or gas turbine or any other

moving or rotating machinery when such explosion is caused by centrifugal force or mechanical breakdown;

6. Explosion within the furnace of a chemical recovery type boiler or within the gas passages from the furnace to the atmosphere;

7. Fire or combustion explosion, including those that result in a **"Breakdown"** of equipment owned, operated or controlled by **"You"**; occur at the same time as a **"Breakdown"** of equipment owned, operated or controlled by **"You,"** or ensue from a **"Breakdown"** of equipment owned, operated or controlled by **"You;"**

so long as such damage is not caused by or as a result of wear or tear, gradual deterioration, depletion, erosion, corrosion, inherent vice, latent defect, insects, moths or vermin, unless direct physical damage or loss not otherwise excluded in this **"Memorandum"** results, and then only for the resulting damage;

- G) delay, loss of market or loss of use, interruption of business or any other consequential or indirect loss except as otherwise specifically covered under this **"Memorandum;"**
- H) dampness or dryness of atmosphere, extremes or changes of temperature, shrinkage, evaporation, decay or other spoilage, loss of weight, rust, contamination, and change of flavor, color, texture or finish unless resulting from direct physical loss or damage to facilities owned by a public utility or other company contracted to supply natural gas, telecommunications, water electricity, or refrigeration to the **"Covered Location;"** However **"We"** will pay no more than the maximum of \$150,000 per **"Occurrence"** for **"Damages"** from a **"Breakdown"** of equipment owned, operated or controlled by **"You"** for extremes or changes of temperatures including heat, cold waves and freezing due to cold weather if direct physical damage is the result of a **"Covered Peril"**.
- I) any dishonest or fraudulent act or acts committed alone or in collusion with others:
 - 1. by any of the partners, officers, volunteers, or employees of the **"Member,"** whether or not such acts are committed during regular business hours, or
 - 2. by any proprietor, partner, director, trustee or elected officer of any proprietorship, partnership, corporation or association engaged by the **"Member"** to render any service or perform any act in connection with property covered under this **"Memorandum;"**

except as coverage is provided under Coverage C- Crime Coverage;

- J) settling, cracking shrinking or expansion of foundations, pavements, walls, floors, roofs or ceilings. However, this exclusion shall not apply if direct physical damage or loss not excluded by this **“Memorandum”** results, and then only for the resulting damage;
- K) damage to **“Personal Property”** or **“Fine Arts”** caused by processing, renovating, restoration, retouching, repairing, or faulty workmanship;
- L) breakage of statuary, marble, glassware, bric-a-brac, porcelains, and similar fragile articles, unless caused directly by fire, lightning, aircraft, theft and/or attempted theft, cyclone, tornado, windstorm, explosion, malicious damage or collision, derailment or overturn of conveyance;
- M) damage to **“Personal Property”** resulting from **“Contamination,”** shrinkage, evaporation, loss of weight, leakage, breakage, marring, scratching, exposure to light, or change in color, texture or flavor; unless such loss or damage is caused directly by fire or the combating thereof, lightning, windstorm, hail, collapse, explosion, strike, riot or civil commotion, aircraft, vehicles, breakage of pipes or apparatus;
- N) loss or damage to or any cost, claim or expense directly or indirectly arising out of or related to any of the following, regardless of any other cause or event contributing concurrently or in any other sequence to the loss, damage, claim or expense unless fire or explosion ensues and then only for direct physical loss caused by the fire or explosion subject to all other terms, conditions and exclusions of this **“Memorandum:”**
 - 1) **“Electronic Data”** or **“Computer Programs;”**
 - 2) failure of, interruption of, loss of use of, loss of access to, or reduction or alteration in the accuracy, functionality, availability or operation of **“Electronic Data”** or **“Computer Programs;”**
 - 3) any instruction, including but not limited to, any **“Computer Virus,”** introduced into or caused to act upon **“Computer Operations;”**
 - 4) errors in configuring **“Computer Operations;”** or
 - 5) failure of, interruption of, loss of use of, loss of access to, or reduction or alteration in the accuracy, functionality, availability, or operation of **“Computer Operations”** caused by anything other than direct physical loss or damage caused by a **“Covered Peril”** to **“Covered Property”** at a **“Covered Location.”**
- O) hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack, by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or by military, naval or air

forces; or by an agent of any such government, power, authority or forces; any weapon of war employing atomic fission or radioactive force whether in time of peace or war; insurrection, rebellion, revolution, civil war, riot, civil commotion, usurped power or action taken by governmental authority in hindering, combating or defending against such an occurrence; seizure or destruction under quarantine or customs regulations; confiscation by or destruction by order of any government or public authority, except destruction by order of public authority to prevent spread of fire or explosion; risks of contraband or illegal transportation or trade;

P) nuclear reaction or nuclear radiation or radioactive contamination unless direct physical damage by fire results, but then only the resulting damage is covered, not including any loss or damage due to the nuclear reaction, radiation or radioactive contamination.

Q) damage or expense caused by **"Pollutants"** or **"Contaminants,"** whether to **"Your"** property or arising out of or resulting from **"Your"** liability or alleged liability for the property of others in **"Your"** care, custody or control, whether actual or constructive, resulting from:

1. actual, alleged or threatened release, discharge, escape or dispersal of **"Pollutants"** or **"Contaminants,"** however caused;
2. extraction or removal of **"Pollutants"** or **"Contaminants"** from any structure, product or debris, except asbestos if the asbestos itself is directly damaged by a **"Covered Peril"** and then **"We"** will only cover the necessary and reasonable expenses **"You"** actually incur to remove the asbestos from **"Your"** **"Real Property"** or **"Personal Property."** **"We"** will only pay expenses for asbestos removal that **"You"** report to **"Us"** in writing within 180 days of the **"Date of Loss."** Limited coverage provided for removal of damaged asbestos does not increase any **"Limits of Liability"** and does not apply to removal of undamaged asbestos.
3. extraction or removal of **"Pollutants"** or **"Contaminants"** from land or water;
4. extraction, removal, restoration or replacement of **"Contaminated"** or **"Polluted"** land or water;
5. transportation of any property or debris to a site for storage or decontamination required because the property is infected by **"Pollutants"** or **"Contaminants,"** whether or not such removal, transport or decontamination is required by law, regulation or any authority governing such matters;
6. storage or disposal of any property because **"Pollutants"** or **"Contaminants"** infect the property; or

7. demolition, increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating **“Pollutants”** or **“Contaminants”**,” any governmental direction or request declaring that because such **“Pollutants”** or **“Contaminants”** are present in, part of, or utilized in any undamaged portion of **“Your”** property, the property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.
 8. investigation or defense of any loss or damage, expense for loss of use , fines or penalties, or cost for claims or suits related to any of the above.
- R)** unexplained or mysterious disappearance of any property, or shortage disclosed when taking inventory;
- S)** loss or damage to a building which is vacant, abandoned or unoccupied for a period of 60 consecutive days or more prior to the **“Date of Loss.”** A vacant, abandoned or unoccupied building is one without contents normally used in operations or activities customary to occupancy or operation of the building. In determining whether a building is vacant, abandoned or unoccupied, the following considerations together with any other considerations indicated by the circumstances surrounding the loss shall be considered as indicative of a building with no cash value:
1. there is no active utility service, even though utilities may be available; or
 2. the building is not heated, not cooled, without lights; or
 3. the building is used for storage of used materials or property which **“You”** are not keeping for reuse; or
 4. the building contains no stock of supplies ordinarily used to provide educational services; or
 5. the building is left unattended and not secure from entry by uninvited persons; or
 6. if normally occupied, the building is unoccupied for a period of 60 consecutive days prior to the loss (excluding any time when school is not in session).

If sufficient evidence is presented that during the time prior to the loss an on-site caretaker or guard was present at all times or on the **“Date of Loss”** there was in effect a contract for repair, reconstruction or renovation of the building, this will create a presumption sufficient to overcome the above indications that the building was vacant, abandoned or unoccupied on the **“Date of Loss.”**

Section 6) LIMITS OF LIABILITY:

“We” will not pay more than the following **“Limits of Liability”** for loss or damage arising from any one **“Occurrence.”**

- A) \$750,000,000 per **“Occurrence”** regardless of the number of **“Covered Locations”** or types of coverage involved, subject to the following sublimits which shall not operate to increase this per **“Occurrence”** limit of liability. When a sublimit is designated as an **“Annual Aggregate,”** that is the maximum **“Limit of Liability”** **“We”** will pay during the **“Term”** of the **“Memorandum”** regardless of the number of **“Occurrences,”** **“Covered Locations”** and/or types of coverage involved.
1. \$100,000,000 **“Annual Aggregate”** limit for **“Flood”** loss occurring outside of Flood Zone A and V. Flood Zones are mapped by the Federal Emergency Management Agency (FEMA). All **“Flood”** loss that occurs within any 168 hour period will constitute a single **“Flood” “Occurrence.”** The expiration of the **“Term”** of this **“Memorandum”** will neither reduce or increase the 168 hour period.
 2. \$50,000,000 **“Annual Aggregate”** limit for **“Flood”** loss occurring within Flood Zone A and V locations. Flood Zones are mapped by the Federal Emergency Management Agency (FEMA). Flood Zone A and V correspond to areas within a 100-year flood zone. All **“Flood”** loss that occurs within any 168 hour period will constitute a single **“Flood” “Occurrence.”** The expiration of the **“Term”** of this **“Memorandum”** will neither reduce or increase the 168 hour period.
 3. \$100,000,000 **“Annual Aggregate”** limit per **“Occurrence”** for **“Earthquake.”** All **“Earthquake”** shocks which occur within any 168-hour period will constitute a single **“Occurrence.”** The expiration of the **“Term”** of this **“Memorandum”** will neither reduce or increase the 168-hour period.
 4. \$50,000,000 limit per **“Occurrence”** for Extra Expense.
 5. \$25,000,000 limit per **“Occurrence”** for Increased Cost of Construction due to the enforcement of building codes/ordinance or law.
 6. \$25,000,000 limit per **“Occurrence”** for **“Valuable Papers and Records.”**
 7. \$25,000,000 limit per **“Occurrence”** for property-in-transit within the **“Covered Territory”** specified in this **“Memorandum.”**

8. \$1,000,000 Limit per **"Occurrence"** for Loss of Rental and Other Income.
9. \$500,000 Limit per **"Occurrence"** for Tanks, Flues, Drains and Pipes. **"We"** only pay for such loss when directly caused by fire or explosion.
10. \$500,000 Limit per **"Occurrence"** for Air Supported Structures and the contents thereof.
11. \$1,000,000 Limit per **"Occurrence"** for landscaping, trees, shrubs, plants, greens and athletic fields and further subject to \$25,000/25 gallon maximum per item.
12. \$500,000 Limit per **"Occurrence"** for Ingress and Egress coverage.
13. \$3,000,000 Limit per **"Occurrence"** for Contingent Business Interruption.
14. \$500,000 Limit per **"Occurrence"** for **"Leased Equipment."**
15. \$25,000,000 Limit per **"Occurrence"** for new locations of existing **"Members."** Additionally, there is automatic coverage for new locations of value greater than \$25,000,000 up to \$100,000,000 for 90 days from date of acquisition. If values are not reported within 90 days from the date of acquisition, the maximum sublimit of \$25,000,000 will apply.
16. \$500,000 Limit per **"Occurrence"** for loss or damage from mold or other fungi, bacteria, wet rot, dry rot, bacteria or mildew which has directly resulted from direct physical damage caused by one or more **"Covered Perils."** The maximum total limit provided by this coverage extension is \$500,000 per **"Occurrence,"** regardless of the number or type of **"Covered Perils"** involved, the number of **"Covered Locations"** to which this coverage extension applies, or the number or types of mold or other fungi, wet or dry rot, bacteria or mildew.
17. \$250,000,000 **"Annual Aggregate"** for direct physical loss or damage for **"Terrorism."** This **"Limit of Liability"** combines coverages for Property Damage, Contingent Business Interruption, Loss of Rental and other Income and Extra Expense. There is an additional \$550,000,000 **"Limit of Liability"** applicable to all insureds of **"PEPIP."**
18. \$25,000,000 Limit per **"Occurrence"** for off premises Services

Interruption.

Section 7) DEDUCTIBLES AND EXCESS INSURANCE:

All losses, damages or expenses arising out of any one **"Occurrence"** shall be adjusted as one loss, and of the total amount of such adjusted loss **"We"** will pay the following maximum amount:

\$750,000 for loss from all perils, except hail. A \$1,000,000 per **"Occurrence"** maximum applies for the peril of hail. Property losses in excess of these limits are covered by excess insurance.

Property losses are also subject to **"Member"** deductibles which are outlined in the **"Authority's Summary of Coverage"** for each **"Term"** of the **"Memorandum."** Where a **"Member"** assumes liability for property coverage under a construction or renovation contract, the contractor shall be responsible for payment of the first \$1,000 of each **"Occurrence."** The **"Member"** shall pay the remainder of the deductible, up to the maximum amount stated in the **"Authority's Summary of Coverage."**

Section 8) VALUATION:

Subject to the **"Limits of Liability"** stated above, **"We"** will value property losses as follows:

"We" will value losses to **"Real Property"** at the full cost to repair or replace the **"Real Property"** without any deduction for depreciation, as of the **"Date of Loss"** at the **"Covered Location"** so long as **"You"** repair or replace the **"Real Property"** within two years following the loss and use it for the same purpose as prior to the loss. **"We"** will pay no more than the amount **"You"** actually spend to repair or replace the **"Real Property,"** and such payment shall not exceed 125% of the amount stated in the most recent building appraisal as Building Cost of Replacement New.

Upon acceptance of the **"Proof of Loss,"** **"We"** will pay up to the **"Actual Cash Value"** of the **"Real Property,"** as stated in **"Our"** most recent building appraisal under the heading "Building Cost of Replacement Less Depreciation." **"We"** will withhold the difference between the **"Actual Cash Value"** and the heading "Building Cost of Replacement New" until such time as the repair, reconstruction or replacement of the **"Real Property"** has been completed.

If **"You"** do not repair, rebuild or replace the **"Real Property"** within two years after the loss, **"We"** will pay only the cost of the debris removal, demolition, or cleanup plus the **"Actual Cash Value"** as stated in the most recent building appraisal under Building Cost of Replacement Less Depreciation as of the **"Date of Loss."**

"Personal Property" shall be valued as follows:

- A) **“Valuable Papers and Records:”** “We” will pay the cost to repair or restore the **“Valuable Papers and Records”** to their condition that existed immediately prior to the loss or the cost to replace the items. If the information contained in the **“Valuable Papers and Records”** cannot be replaced or restored with other of like kind and quality, “We” will pay the value of the blank media upon which the **“Valuable Papers and Records”** were imprinted or stored;
- B) **“Personal Property”** of others: “We” will pay the amount “You” are legally liable for, not to exceed the **“Actual Cash Value”** of the **“Personal Property”** of others as of the **“Date of Loss;”**
- C) **“Fine Arts:”** “We” will pay for loss to **“Fine Arts”** that “You” own based on the appraised value as of the **“Date of Loss.”** If the **“Fine Arts”** are owned by others, “We” will pay the lesser of the amount shown on any loan receipt or the amount for which “You” may be legally liable;
- D) **Equipment** including self-propelled machines, outdoor equipment or furniture: “We” will pay the **“Actual Cash Value”** as of the **“Date of Loss.”**
- E) **Leased Equipment:** “We” will pay the cost to repair or replace the item or items as of the **“Date of Loss.”**

Section 9) OTHER COVERAGE:

Section 9) OTHER COVERAGE:

- A) If “You” have other insurance covering the same loss or damage, “We” will pay only for the amount of covered loss or damage which is excess of the amount due from that other insurance coverage, whether collectible or not. In no event will “We” pay more than the applicable **“Limit of Liability.”**

This **“Memorandum”** provides the terms of coverage for the **“Authority’s”** self insured layer and its provisions prevail over all provisions of excess coverages or individual policies purchased by the **“Authority”** for losses that may be covered by this **“Memorandum.”**

B) Joint or Disputed Loss Agreement –

- 1. This condition is intended to facilitate payment of insurance proceeds when:
 - a. Both this **“Memorandum”** and an Equipment Breakdown Policy are in effect;

b. Damage occurs to **“Covered Property”** that is insured by this **“Memorandum”** and an Equipment Breakdown Policy; and

c. There is a disagreement between the **“Authority”** and the insurer issuing the Equipment Breakdown Policy as to whether there is coverage or as to the amount of the loss to be paid, if any, by each under its own coverage parts.

2. This condition does not apply if:

a. Both the **“Authority”** and the insurer issuing the Equipment Breakdown Policy do not admit to any liability; and

b. Neither the **“Authority”** nor the insurer issuing the Equipment Breakdown Policy contends that coverage applies under either this **“Memorandum”** or the Equipment Breakdown Policy.

3. The provisions of this condition apply only if all of the following requirements are met:

a. The **“Memorandum”** contains a similar condition at the time of the loss or damage, with substantially the same provisions, requirements, procedures and conditions as contained in the Equipment Breakdown Policy.

b. The damage to the **“Covered Property”** was caused by a loss for which:

i. Both the **“Authority”** and the insurer for the Equipment Breakdown policy admit to some liability for payment under the respective coverages; or

ii. There is a disagreement between the **“Authority”** and the insurer for the Equipment Breakdown Policy with respect to:

(a) Whether the damage to **“Covered Property”** was caused by a cause of loss which is covered or insured against, partially or wholly, by both;

(b) The extent of participation of the Equipment Breakdown Policy and of the **“Memorandum”** in a loss which is insured against, partially or wholly, by both.

4. If the requirements listed in paragraph 3 are satisfied, the **“Authority”** and the insurer for the Equipment Breakdown Policy will make payment per the following:

- a. Upon receiving **“Your”** written request, **“We”** will pay the entire amount of loss that **“We”** have agreed that is covered by this **“Memorandum”** plus one-half of the amount of the loss that is in disagreement.
- b. The insurer for the Equipment Breakdown Policy, will upon receiving **“Your”** written request, pay the entire amount of loss that the insurer for the Equipment Breakdown Policy has agreed that is covered by its policy plus one-half of the amount of the loss that is in disagreement.
- c. Payments by the **“Authority”** and the insurer for the Equipment Breakdown Policy of the amounts which are in disputed, as described above, do not alter, waive or surrender any rights of either the **“Authority”** or the insurer for the Equipment Breakdown Policy against any other with regard to the portion of the loss for which each is liable.
- d. The amount in disagreement to be paid by the **“Authority”** under this condition shall not exceed the amount payable under the equivalent loss agreement of the insurer for the Equipment Breakdown Policy.
- e. The amount to be paid under this condition shall not exceed the amount the insurer for the Equipment Breakdown Coverage would have paid had no coverage by the **“Authority”** been available at the time of loss.
- f. **“Your”** acceptance of any payment pursuant to the provisions of this clause, including an arbitration award, shall not alter, waive, surrender or in any way affect **“Your”** rights as against the **“Authority”** or the insurer for Equipment Breakdown Coverage.

5. Arbitration:

- a. The payments by the **“Authority”** and the insurer for Equipment Breakdown Coverage and acceptance of those sums by **“You”** signify the agreement between the **“Authority”** and the insurer for Equipment Breakdown Coverage to proceed with arbitration within 90 days of such payment.
- b. The arbitrators shall be three in number, one of whom shall be appointed by **“Us”** and one of whom will be appointed by the insurer for Equipment Breakdown Coverage and the third will be appointed by the consent of the other two arbitrators.
If the two arbitrators cannot agree on selection of a third, either arbitrator may request that a selection be made by a judge of a court having jurisdiction.
- c. A decision agreed to by two of the three arbitrators will be binding on both the **“Authority”** and the insurer for Equipment Breakdown

Coverage. Judgment on such award can be entered in any court that has jurisdiction.

- i. **“You”** must cooperate in connection with such arbitration, but cannot intervene.
- ii. The provisions of this condition shall not apply unless the policy issued by insurer for Equipment Breakdown Coverage contains the same or similar provisions.

Section 10) GENERAL CONDITIONS:

Applicable with respect to any claim under this **“Memorandum.”**

- A) **Examination of Records:** **“You”** shall, as often as may be reasonably required during the **“Term”** of this **“Memorandum”** and up to three years thereafter, produce for **“Our”** examination or examination by **“Our”** authorized representatives all the books and records, inventories and accounts relating to **“Your”** **“Covered Property.”**
- B) **No Assignment:** This **“Memorandum”** shall be void if assigned or transferred without **“Our”** written consent.
- C) **Cancellation:** This **“Memorandum”** may be cancelled by the **“Authority”** according to the rules set forth in the New Mexico Administrative Code Title 6, Chapter 50, Part 4 if **“You”** fail to make premium payments.
- D) **Inspections:** **“We”** and/or our authorized agents shall be permitted, but not obligated to, inspect **“Your”** **“Covered Property”** at all reasonable times. **“Our”** right to make inspections, the inspections themselves or any inspection reports do not imply that all other hazards or conditions are under control at the time of the inspection, or that such inspections constitute compliance with OSHA regulations or other similar laws.
- E) **Salvage and Recovery:** When **“We”** obtain any salvage or recovery in connection with any loss, **“You”** shall first be made whole; then the **“Authority”** and the excess insurers or reinsurers shall share the remaining portion on a pro rata basis.
- F) **Subrogation:** If **“We”** pay **“You”** or any person or organization for loss or damage caused by a third party, any of those subrogation rights to recover damages from the third party are to be transferred to the **“Authority”** to the extent of **“Our”** payment for that loss. **“You”** must do everything reasonably necessary to secure the **“Authority’s”** subrogation rights prior to any loss including, but not limited to, not agreeing to waivers of such subrogation rights contained in contracts

wherever possible. **“You”** also must do nothing after loss to impair the **“Authority’s”** subrogation rights.

G) Duties in the Event of Loss or Damage: “You” must see that the following are done in the event of loss or damage to “Covered Property:”

1. Notify the police if a law may have been broken.
2. Give **“Us”** prompt notice of the loss or damage; including a full description of the property involved.
3. As soon as possible, give **“Us”** a description of how, when, and where the loss or damage occurred.
4. If feasible, set aside the damaged property in the best possible order for examination.
5. Take all steps to protect the **“Covered Property”** from further damage, and keep a record of your expenses necessary to protect the **“Covered Property”** so that these expenses may be paid, to the extent they are within the **“Limit of Liability.”** **“We”** will not pay for any subsequent loss or damage resulting from failure to take reasonable measures to protect the damaged property from further loss or damage.
6. At **“Our”** request give **“Us”** complete inventories of the damaged and undamaged property, including quantities, costs, values, copies of original purchase documents and the amount of the loss claimed.
7. Permit **“Us,”** as often as may be reasonably required, to inspect the damaged property and examine **“Your”** books and records.
8. Permit **“Us”** to take samples of damaged and undamaged property for inspection, testing and analysis, and provide relevant copies from **“Your”** books and records.
9. Send **“Us”** a signed, sworn **“Proof of Loss”** containing the information **“We”** require within 90 days after **“Our”** request. **“We”** will provide **“You”** with the necessary forms.
10. Cooperate with **“Us”** in the investigation or settlement of the claim.

“We” may examine **“You”** under oath and at such times as may be reasonably required, about any matter including **“Your”** books and records relating to the filed claim.

- H) **Administrative Appeal:** If a “**Member**” makes a claim for coverage and the “**Authority**” does not agree that the claim is covered under this “**Memorandum**,” then, upon written demand of either, the matter or matters upon which we do not agree shall be adjudicated pursuant to Title 6, Chapter 50, Part 16 of the New Mexico Administrative Code (Administrative Appeal of Authority Coverage Determinations). Notwithstanding any other language in this “**Memorandum**,” either express or implied, this “**Memorandum**” does not and shall not be construed as creating a contract either express or implied between the “**Authority**” and any “**Member**” or any others whose interests may be covered by this “**Memorandum**.”
- I) **Right of Recovery:** If the “**We**” have expended funds to settle “**Your**” claims and it is later determined that there is no coverage under this “**Memorandum**” for one or more of those claims, “**We**” reserve the right to seek reimbursement for those settlement funds from the recipient of those funds.
- J) **Misrepresentation, Concealment or Fraud:**
- This “**Memorandum**” is void as to any “**Member**” if before or after a loss:
1. “**You**” have willfully concealed or misrepresented a material fact or circumstance that relates to this “**Memorandum**” concerning any claim or the interest of the “**Member**” or any other person or entity seeking coverage under this “**Memorandum**,”
 2. “**You**” or any other person or entity seeking coverage under this “**Memorandum**” has engaged in fraud or false swearing.
- K) **Changes:** Notice to or knowledge of any of the “**Authority’s**” employees or authorized representatives shall not effect a waiver or a change in any part of this coverage or prevent the “**Authority**” from asserting any rights under the terms of this “**Memorandum**,” nor shall the terms of this “**Memorandum**” be waived or changed, except by endorsement issued to form a part of this “**Memorandum**.”

Section 11) GENERAL DEFINITIONS:

- A) “**Authority**” means the New Mexico Public School Insurance Authority and its employees and authorized representatives.
- B) “**Actual Cash Value**” means replacement cost new less depreciation.

- C) **“Annual Aggregate”** means a “Limit of Liability” up to which this “We” will pay during each “Term” of this “Memorandum” regardless of the number of claims submitted.
- D) **“Automobile,” “Automobiles”** means a land motor vehicle of a private passenger type or of a commercial type used for the transportation of passengers, the delivery of goods or for any other business purpose directly related to the operation of the **“Member,”** including equipment permanently attached thereto. An **“Automobile”** does not include any motor vehicle owned by or registered in the name of any employee, volunteer, officer, or board member, of a **“Member,”** or any motor vehicle insured elsewhere for physical damage coverage.
- E) **“Breakdown”** means the following direct physical loss that causes physical damage to any of the following owned, operated or controlled by **“You”**:
- a. Equipment designed and built to operate under internal pressure or vacuum other than weight of contents except the furnace and the gas passages from any boiler or fired vessel to the atmosphere,
 - b. Communication equipment and Computer equipment but does not include electronic data or media,
 - c. Fiber optic cable, or
 - d. Any other electrical or mechanical equipment that is used in the generation, transmission or utilization of energy, caused by electrical failure including arcing; failure of pressure or vacuum equipment; or mechanical failure including rupture or bursting caused by centrifugal force.
- F) **“Computer Operations”** means computer hardware of any kind, computer networks and networking equipment, **“Computer Programs,”** electronic data processing media, **“Electronic Data,”** operating systems, media microchips, microprocessors, integrated circuits or similar devices, firmware, software, servers, websites, and all input, output processing, storage and off-line media libraries.
- G) **“Computer Programs”** means recorded instructions, whether digital or otherwise, for the processing, collecting, transmitting, recording, retrieval or storage of **“Electronic Data.”**
- H) **“Computer Virus”** means any corrupting, harmful or otherwise unauthorized instructions or code, including, but not limited to, any maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network. **“Computer Virus”** includes, but is not limited to, “Trojan

Horses,” “worms” and time or logic bombs.

- I) **“Contaminant,” “Contamination,” “Contaminated:”** See definition of **“Pollutants,” “Pollution,” “Polluted.”**
- J) **“Coverage Territory”** means the **“Member’s”** premises, and for property in transit anywhere in the United States of America, Puerto Rico and Canada. Certain specified coverages may apply as well to other locations as specified in this **“Memorandum.”**
- K) **“Covered Location”** means a **“Member’s”** premises as listed in the **“Authority’s”** most recent building appraisal and any new properties acquired since the **“Authority’s”** most recent building appraisal.
- L) **“Covered Peril”** means any cause of direct physical loss or damage except those excluded under the terms of this **“Memorandum.”**
- M) **“Covered Property”** means all **“Real Property”** and **“Personal Property”** except that which is excluded under the terms of this **“Memorandum.”**
- N) **“Date of Loss”** means the time at which an event or casualty causing loss or damage occurs.
- O) **“Earthquake”** means any natural or man-made earth movement (except mudslide or mud flow caused by accumulation of water on or under the ground) caused by earthquake, volcanic action, landslide, subsidence or tsunami including also volcanic eruption, meaning eruption, explosion, or effusion of a volcano.
- P) **“Electronic Data”** means data, information and knowledge recorded or transmitted in a form usable by **“Computer Programs,”** microchips, integrated circuits or similar devices in non-computer equipment which can be stored on electronic data processing media, including but not limited to, hard or floppy disks, CD-ROMs, tapes, drives, cells and other data processing devices.
- Q) **“Employee” or “Employees”** means:
 - 1) Any natural person:
 - a. while in **“Your”** service;
 - b. whom **“You”** compensate directly by salary or Wages; and
 - c. whom **“You”** have the right to manage the work, direct the work and control the work while performing services for **You.”**

- 2) Any natural person:
 - a. who is a non-compensated officer or elected or appointed official in service to **"You;"** or
 - b. who is a director or trustee in service to **"You"** while performing acts coming within the scope of their usual duties for **"You."**
- 3) Any natural person who is:
 - a. a "regular volunteer" pursuant to 6.50.18 NMAC in service to **"You."**
- R) **"Expiration"** means the termination of this **"Memorandum"** at the end of the **"Term."**
- S) **"Fine Arts"** means paintings, etchings, pictures, tapestries, rare or art glass, stained glass windows, valuable rugs, statuary, sculptures, antique furniture, bric-a-brac, porcelain and similar property of rarity, historical value or artistic merit excluding automobiles, coins, stamps, furs, jewelry, precious stones, precious metals, watercraft, aircraft, money and **"Securities."**
- T) **"Flood"** means the general and temporary condition of partial or complete inundation of normally dry land areas from the overflow of inland or tidal waters; the unusual and rapid accumulation of run-off of surface waters from any source; mud-slide or mud-flow proximately caused by flooding; the accumulation of water underground or water which backs up through sewers, drains or sumps.
- U) **"Limit of Liability," "Limits of Liability"** means the maximum amount **"We"** will pay for claims as specified in detail in Section 6 of this **"Memorandum."**
- V) **"Member:"** means all participating School Districts, Charter Schools, Regional Education Cooperatives and Post-Secondary Institutions, as listed in Schedule (A) attached hereto and made part of this **"Memorandum."**
- W) **"Memorandum of Coverage"** means the New Mexico Public School Insurance Authorities written description of insurance for certain property related risks of its **"members"**.
- X) **"Occurrence"** means all covered loss, damage or sequence of losses or damages, casualties or disasters arising from a single event or accident. With respect to the perils of **"Earthquake"** and **"Flood,"** one event shall be construed to include all losses arising during a continuous period of

168 hours. Except where the **“Limit of Liability”** is indicated as being an **“Annual Aggregate,”** loss under this **“Memorandum”** shall not reduce the stated **“Occurrence”** limits.

- Y) **“Personal Property”** means Property other than **“Real Property”** including: furniture, fixtures, machinery, equipment, stock, computers and office machinery, **“Your”** interest in as a tenant in improvements and betterments to leased premises and leased personal property which **“You”** have a contractual responsibility to provide property coverage for.
- Z) **“Pollutants,” “Pollution,” “Polluted”** means any solid, liquid, gaseous or thermal irritant or **“Contaminant”** including, but not limited to asbestos, smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned or reclaimed. **“Pollutants”** or **“Contaminants”** include, but are not limited to: 1) those materials that can cause or threaten damage to human health or human welfare, or cause or threaten damage, deterioration, loss of value, marketability or loss of use to property; and/or 2) bacteria, fungi, mold, mildew, virus or hazardous substances as listed in the Federal Water Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976, Toxic Substances Control Act or as designated by the U.S. Environmental Protection Agency or any other governing authority.
- AA) **“Proof of Loss”** means a sworn statement by the **“Member”** regarding the facts of a claim for loss or damage to property
- BB) **“Real Property”** means existing buildings and structures, buildings and structures undergoing construction, repair or renovation and includes all permanent fixtures attached or adjacent to the buildings and structures such as signs, fences, glass, radio and television antennas, satellite dishes, landscaping, trees, shrubs, athletic fields, walkways, parking lots, exterior light fixtures and poles, foundations or other building supports.
- CC) **“Securities”** means all negotiable and non-negotiable instruments or contracts representing either **“Money”** or **“Other Property”** owned by **“You”** or held by **“You.”**
- DD) **“Student,” “Students”** means a natural person enrolled on a full or part time basis in classes at a **“Member”** institution.
- EE) **“Term”** means the dates of coverage as stated on the first page of this **“Memorandum.”**
- FF) **“Terrorism”** means any violent act dangerous or damaging to human life, property, or infrastructure within the United States or to a U.S. air carrier, vessel, or United States mission abroad, committed by an individual or individuals against U.S. civilians or the government.

GG) **“Time Element”** means an indirect loss stemming from direct loss or damage by a **“Covered Peril”** to income producing property.

HH) **“Valuable Papers and Records”** means drawings, exposed film or other written, printed or otherwise inscribed documents including books, manuscripts, maps, drawings, film, negatives, transparencies and prints and other photographically produced records such as slides and microfilms, legal and financial agreements such as deeds and mortgages that can be replaced.

II) **“We,” “Us” or “Our”** means the New Mexico Public School Insurance Authority.

JJ) **“You” or “Your”** means any participating school districts, other educational entities, charter schools from whom or on behalf of whom **“We”** have received the applicable premium as listed in Schedule A.

COVERAGE B: AUTOMOBILE PHYSICAL DAMAGE

The provisions stated in Coverage A: Property Coverage, Section 10- General Conditions also apply to Coverage B: Automobile Physical Damage. The following provisions apply to Coverage B only.

1) INTEREST & AUTOMOBILES COVERED:

A **“Covered Automobile”** is:

- A) An **“Automobile”** **“You”** own, including equipment permanently installed the **“Automobile”**;
- B) **“Your”** interest in or legal liability for direct physical loss or damage to an **“Automobile”** owned by others in **“Your”** custody to the extent **“You”** are required to keep the **“Automobile”** covered for direct physical loss or damage.

2) COVERED PERILS:

This **“Memorandum”** covers against direct physical loss or damage to **“Covered Automobiles”** caused by an **“Occurrence”** except as excluded by this **“Memorandum.”**

3) EXTENSIONS OF COVERAGE:

A) Glass Breakage:

“We” will pay for the following:

- 1. glass breakage; and

2. loss caused by hitting a bird or animal; and
3. loss caused by falling objects or missiles.)

B) Towing:

“We” will pay for reasonable towing and labor costs incurred when a “Covered Automobile” is disabled.

C) Rental reimbursement due to theft:

“We” will pay up to \$18 per day to a maximum of \$500 for transportation expenses “You” incur because of the total theft of a “Covered Automobile” of the private passenger type which “You” own.

4) INTERESTS & AUTOMOBILES NOT COVERED:

The provisions stated in Coverage A: Property Coverage, Section 4- Property Not Covered apply to Coverage B: Automobile Physical Damage. The following provisions also apply to Coverage B: Automobile Physical Damage only.

This “Memorandum” does not cover:

- A) tapes, wires, records, discs, or any other media for use with any device or instrument designed for the recording, reproduction, or recording and reproduction of sound;
- B) any equipment designed for use for the detection or location of radar;
- C) any telephonic, wireless, computer related, facsimile transmission, copying, navigation or other communication or computer related devices unless such device or instrument is installed by the manufacturer in the “Covered Automobile.”
- D) any device or instrument designed for the recording, reproduction, or recording and reproduction of sound, unless such device or instrument is installed by the manufacturer in the “Covered Automobile”;
- E) any “Covered Automobile” while used in any racing or demolition contest or stunting activity, or while practicing or being prepared for such contest or activity.

5) PERILS NOT COVERED:

The provisions stated in Coverage A: Property Coverage, Section 5 - Exclusions also apply to Coverage B: Automobile Physical Damage. The following provisions also apply to Coverage B: Automobile Physical Damage only.

This “Memorandum” does not cover against loss, damage or expense caused by

or resulting from any of the following:

- A) wear and tear, freezing or mechanical or electrical breakdown or failure, unless such damage is the direct result of **“Covered Peril;”**
- B) blowouts, punctures or other road damage to tires, unless such damage is the direct result of a **“Covered Peril.”**

6) LIMITS OF LIABILITY:

The provisions stated in Coverage A: Property Coverage, Section 6 – Limits of Liability, also apply to Coverage B: Automobile Physical Damage. The following provisions are additional items that apply to Coverage B: Automobile Physical Damage only.

The most **“We”** will pay for loss to any one **“Covered Automobile”** in any one **“Occurrence”** is the lesser of:

- A) the **“Actual Cash Value”** of the damaged or stolen **“Covered Automobile”** as of the **“Date of Loss”**; or
- B) the cost of repairing or replacing the damaged or stolen **“Covered Automobile”** with another of like kind and quality.

7) DEDUCTIBLES:

“You” must pay a \$750.00 deductible for each **“Covered Automobile,”** that is damaged, lost or stolen with the exception of vehicle glass claims, which are subject to a \$50.00 deductible. In the event of a loss involving multiple **“Covered Automobiles”** in one **“occurrence”** (i.e. hail storm damage), the deductibles are capped in the following maximums:

- 1) Regardless of the number of **“Covered Automobiles”** damaged, the total deductible to any **“Member”** will not exceed \$5,000;
- 2) Regardless of the number of **“Covered Automobiles”** vehicle glass panes damaged, the total deductible for any **“Member”** will not exceed \$250.

8) APPRAISAL:

If **“You”** disagree with **“Us”** as to the amount of a loss, either party may demand an appraisal of the loss. In this event, each party will select a competent appraiser. The two appraisers will select a competent and impartial third appraiser. The appraisers will state separately the **“Actual Cash Value”** and the amount of loss. If they fail to agree, they will submit their differences to the third appraiser. An award in writing of any two shall determine the amount of

loss. Each party will:

- A) pay its chosen appraiser; and
- B) bear the other expenses of the appraisal and third appraiser equally.

“We” will not be held to have waived any of “Our” rights by any act arising out of this appraisal process.

9) **DUTIES IN THE EVENT OF LOSS:**

A) In the event of loss, “You” must give the “Authority” prompt notice. Such notice shall include information sufficient to establish:

- 1. how, when and where the loss occurred; and
- 2. to the extent possible, the names and addresses of any injured persons and witnesses.

B) Additionally, “You” must:

- 1. assume no obligation, make no payment, or incur no expense without “Our” consent, except at “Your” expense;
- 2. cooperate with “Us” in the investigation of the loss or damage, settlement or defense of any suit;
- 3. promptly notify the police if the “Covered Automobile” or any of its manufacturer installed equipment is stolen;
- 4. take all reasonable steps to protect the covered “Covered Automobile” from further damage and keep a record of “Your” expenses related to the loss or damage to the “Covered Automobile” for consideration in the settlement of the claim;
- 5. permit “Us” to inspect the “Covered Automobile” before its repair or disposition;
- 6. agree to an examination under oath at “Our” request and/or, if requested, give “Us” a signed statement regarding the claim.

COVERAGE C: CRIME COVERAGES

The following provisions apply to **Coverage C: Crime Coverages** only.

SECTION I- INTERESTS AND PROPERTY COVERED:

Part A-Employee Dishonesty Coverage:

“We” will pay for direct loss of **“Money,” “Securities”** or **“Other Property”** **“You”** sustain because of **“Theft”** or **“Forgery”** committed by an **“Employee,”** whether identified or not, acting alone or in collusion with other persons or other **“Employees,”** with the manifest intent to:

- 1) cause **“You”** to sustain loss ; and also
- 2) to obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, or pensions or other employee benefits earned in the normal course of employment) for:
 - a) that **“Employee”** or those **“Employees”**; or
 - b) any person or organization intended by the **“Employee”** to receive that benefit.

Part B-Inside the Premises Coverages:

- 1) **“We”** will pay for loss **“You”** sustain resulting directly from:
 - a) the loss of **“Money”** and **“Securities”** from inside **“Your” “Premises”** or any **“Banking Premises”** as a result of **“Theft,” “Robbery”** or **“Safe Burglary”** by one or more **“Third Parties”**, or
 - b) the actual disappearance or destruction of **“Money”** and **“Securities”** which occurs inside **“Your” “Premises.”**
- 2) **“We”** will pay for loss **“You”** sustain because of the loss of or damage to **“Other Property”** from:
 - a) inside the **“Premises”** resulting directly from an actual or attempted **“Robbery”** by one or more **“Third Parties;”** or
 - b) inside the **“Premises”** in a safe or vault, resulting directly from an actual or attempted **“Safe Burglary”** by one or more **“Third Parties.”**
- 3) **“We”** will pay for loss **“You”** sustain:
 - a) for damage to the **“Premises”** or its exterior; and
 - b) for loss of, or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the **“Premises”**

resulting directly from an actual or attempted **“Theft,” “Robbery”** or **“Safe Burglary,”** by one or more **“Third Parties”** if **“You”** are the owner of the **“Premises”** or are liable for damage to it.

Part C-Outside the Premises Coverages:

- 1) **"We"** will pay for loss **"You"** sustain because of **"Theft"** of **"Money"** or **"Securities"** by one or more **"Third Parties"** while being conveyed by a **"Messenger"** or armored motor vehicle company outside the **"Premises."**
- 2) **"We"** will pay for loss **"You"** sustain because of disappearance or destruction of **"Money"** or **"Securities"** while being conveyed by a **"Messenger"** or armored motor vehicle company outside the **"Premises."**
- 3) **"We"** will pay for loss **"You"** sustain because of loss of or damage to **"Other Property"** resulting from actual or attempted **"Robbery"** by one or more **"Third Parties"** outside the **"Premises"** while being conveyed by a **"Messenger"** or armored motor vehicle company.
- 4) **"We"** will pay for loss **"You"** sustain because of loss caused by **"Theft"** of **"Money,"** **"Securities"** or **"Other Property"** by a **"Third Party"** while temporarily at the home of a **"Messenger."**

Part D-Forgery or Alteration Coverage

- 1) **"We"** will pay for loss **"You"** sustain of **"Money," "Securities"** or **"Other Property"** resulting directly from **"Forgery"** or alteration of any financial instrument committed by one or more **"Third Parties."**
- 2) If **"You"** are sued to enforce payment of any financial instrument covered in **Part D-Forgery or Alteration** on the basis that it has been forged or altered, and **"You"** have our written consent to defend against the suit, **"We"** will pay for any reasonable legal expenses that **"You"** incur and pay in that defense. The amount **"We"** will pay is in addition to the Limit of Coverage applicable to **Part D-Forgery or Alteration Coverage.**

Part E-Computer Fraud Coverage:

"We" will pay for loss **"You"** sustain because of **"Theft"** of **"Money," "Securities"** or **"Other Property"** resulting directly from **"Computer Fraud"** by a **"Third Party."**

Part F-Money Orders and Counterfeit Paper Currency Coverage:

"We" will pay for loss **"You"** sustain resulting directly from **"Your"** having accepted in good faith, in exchange for merchandise, **"Money"** or services from a **"Third Party:"**

- 1) money orders issued by any post office, express company or bank in the United States that are not paid upon presentation; or
- 2) counterfeit United States currency; that is acquired during the regular course of business.
- 3)

Part G-Credit Card Fraud Coverage:

“We” will pay for loss **“You”** sustain resulting directly from **“Credit Card Fraud”** committed by a **“Third Party.”**

Part H-Funds Transfer Fraud Coverage:

“We” will pay for loss **“You”** sustain resulting directly from **“Funds Transfer Fraud”** committed by a **“Third Party.”**

SECTION II-EXCLUSIONS:

A. Exclusions Applicable to All Coverages:

“We” will not pay for the following losses:

- 1) loss resulting from war, whether or not declared, warlike action, insurrection, civil war, rebellion or revolution or any related act or incident;
- 2) loss resulting from seizure or destruction of property by order of governmental authority, expropriation or nationalization or any related act or condition;
- 3) loss resulting from the cost of reproducing any information contained in any lost or damaged manuscripts, records, accounts, microfilms, tapes, electronic data storage or recording media or other records;
- 4) expenses incurred by **“You”** in establishing the existence or the amount of any loss covered under **Coverage C-Crime Coverages** except that **“We”** will reimburse **“You”** for those reasonable and customary charges of a Certified Public Accountant incurred by **“You”** in establishing a valid and collectible claim arising from an **“Occurrence”** under **Coverage C-Crime Coverage**, up to a maximum amount of \$5,000;
- 5) loss of income that **“You”** do not realize as the result of any loss covered under **Coverage C-Crime Coverage**;
- 6) fees, costs or expenses **“You”** incur or pay in prosecuting or defending any legal proceeding or claim, (other than legal proceedings covered under **Part D-Forgery and Alteration Coverage** above), whether or not such proceeding results or would result in a loss recoverable under **Coverage C- Crime Coverage**;
- 7) due to nuclear reaction, nuclear radiation or radioactive contamination;
- 8) **“Indirect or Consequential Losses”** of any kind.
- 9) any loss or potential loss not reported to **“Us”** more than 60 days following **“Your”** **“Discovery”** of the loss or potential loss or more than 60 days following **“Cancellation”** or **“Termination”** of this **“Memorandum of Coverage”** or all or any Part of **Coverage C-Crime Coverages**.
- 10) any loss of property covered under Coverage A-Property Coverage or Coverage B-

Automobile Physical Damage Coverage of the **"Memorandum of Coverage"** of which **Coverage C-Crime Coverages** is a part.

B. Exclusions Only Applicable to Part A-Employee Dishonesty Coverage:

"We" will not pay for losses under **Part A-Employee Dishonesty Coverage** as follows:

- 1) loss caused by an **"Employee"** if **"Your"** management personnel possess knowledge of any prior act or acts of **"Theft,"** fraud or dishonesty committed by that **"Employee"** either while that **"Employee"** is employed by **"You"** or prior to his or her employment by **"You,"**
- 2) loss caused by **"Your"** broker, contractor, independent contractor or any other agent or representatives of them;
- 3) loss or that part of any loss the proof of which involves in any manner:
 - a. profit and loss computation; or
 - b. a comparison of inventory records with an actual physical count; provided, however, that where **"You"** can establish that a loss has occurred wholly apart from such comparison, then **"You"** can offer inventory records and the actual physical count of inventory in support of the amount of loss claimed.

C. Exclusions Only Applicable to Parts B-Inside the Premises Coverages, and Part C-Outside the Premises Coverages:

"We" will not pay for any losses under **Part B-Inside the Premise Coverages** or **Part C-Outside the Premises Coverages:**

- 1) due to **"Theft"** or any other fraudulent, dishonest or criminal act by **"Your"** **"Employee"** whether acting alone or in collusion with others;
- 2) due to fire, except:
 - a. loss of or damage to **"Money"** or **"Securities,"** or
 - b. damage to any safe or vault caused by the use of fire for the purpose of **"Safe Burglary;"**
- 3) due to giving or surrendering **"Money"** or **"Securities"** in any exchange or

purchase;

- 4) due to loss or damage to manuscripts, records, accounts, microfilm, tapes, or other electronic data storage or recording media;
- 5) due to **"Forgery;"**
- 6) due to loss or damage to **"Money," "Securities" or "Other Property"** while in the mail or in the custody of a carrier for hire other than an armored motor vehicle company;
- 7) due to loss or damage to **"Money," "Securities" or "Other Property"** while in the custody of any bank, trust company, similar recognized place of safe deposit, or armored motor vehicle company or **"Messenger"** unless the loss is in excess of the amount **"You"** have recovered or received under:
 - a. **"Your"** contract with the bank, trust company, or any similar recognized place of safe deposit, or armored motor vehicle company; or
 - b. any **"Other Bonds or Insurance"** which would cover the loss in whole or in part, in which case **Coverage C-Crime Coverages** will cover only such excess up to the applicable Limit of Coverage.
- 8) due to loss of **"Money," "Securities" or "Other Property"** as a result of kidnap, ransom or other extortion payment (as distinct from **"Robbery"**) surrendered to any person as a result of a threat to do bodily harm to any person or a threat to do damage to the **"Premises"** or other property.

D. Exclusion Only Applicable to Part D-Forgery and Alteration Coverage; Part E-Computer Fraud Coverage; Part F- Money Orders and Counterfeit Currency Fraud Coverage; Part G-Credit Card Fraud Coverage and Part H-Funds Transfer Fraud Coverage:

Under **Part D-Forgery and Alteration Coverage; Part E-Computer Fraud Coverage; Part F-Money Orders and Counterfeit Currency Fraud Coverage; Part G-Credit Card Fraud Coverage and Part H-Funds Transfer Fraud Coverage**, coverage does not apply to loss through **"Forgery"** or alteration of, on, or in any financial instrument, if the **"Forgery"** or alteration is committed by any **"Employee"** or by any person in collusion with any **"Employee."**

SECTION III - GENERAL CONDITIONS:

The General Conditions stated in **Coverage A: Property Coverage, Section 11)** also apply to **Coverage C: Crime Coverages**. The General Conditions below apply to **Coverage C: Crime Coverages-Parts A, B, C, D, E, F, G and H** only:

A. Statutory Provisions:

Any terms of **Coverage C-Crime Coverages** which are in conflict with the statutes of the State of New Mexico are amended to conform to such statutes.

B. Other Coverage:

If any “**Other Bonds or Insurance**” apply to a loss covered by **Coverage C-Crime Coverages**, the coverage under **Coverage C-Crime Coverages** shall be excess over the amount collectible under “**Other Bonds or Insurance**.”

C. Excess Coverage, Insurance or Reinsurance:

“**You**” may purchase excess coverage, insurance or reinsurance above the Limits of Coverage which apply to **Coverage C-Crime Coverages**. Such excess coverage, insurance or reinsurance is not “**Other Bonds or Insurance**” for the purposes of the Paragraph B. above. Excess coverage, insurance or reinsurance shall not be considered in the application of any pro rata clause or apportionment clause.

D. Limit of Coverage and Deductible Amount:

The most “**We**” will pay for any loss “**You**” sustain caused by any one “**Occurrence**” under **Coverage C-Crime Coverages** is limited to the amounts shown below applicable to each Part of **Coverage C-Crime Coverages**.

Part A Employee Dishonesty Coverage:	\$1,250,000
Part B Inside the Premises Coverages:	\$100,000
Part C Outside the Premises Coverages:	\$100,000
Part D Forgery or Alteration Coverage:	\$1,000,000

“**We**” will not pay for a loss “**You**” sustain which does not exceed the deductible amount shown below. If the loss exceeds the deductible amount “**We**” will pay the amount of loss in excess of the deductible amount up to the applicable Limit of Coverage.

Deductible: \$750 for any one loss.

E. Discovery of Loss:

“**Discovery**” of loss occurs when “**You**” first become aware of facts which would cause a reasonable person to assume that a loss covered by **Coverage C-Crime Coverages** has been or will be incurred, even though the amount or details of loss may not then be known. “**Discovery**” also occurs when “**You**” receive notice of an actual or potential claim against “**You**” alleging facts that if true would constitute a covered loss under **Coverage C-Crime Coverages**.

F. Duties After Discovery of a Loss:

After “You” “discover” a loss or a situation that may result in covered loss under **Coverage C- Crime Coverages**, “You” must:

- 1) notify “Us” as soon as possible and in no case later than 60 days after you have made the “Discovery;”
- 2) “You” must provide “Us” with a detailed, sworn proof of loss within 120 days after “Discovery;”
- 3) “You” must submit to an examination under oath at our request;
- 4) “You” must comply with the provisions of General Conditions **Stated in Coverage A: Property Coverage, Section 10 G) Duties in the Event of Loss or Damage of the Memorandum of Coverage**; and
- 5) “You” must produce all relevant records and cooperate with us in the investigation and settlement of the claim.

G. Coverage for Prior Losses:

“We” will pay for loss “You” sustain caused by an “Occurrence” which happened any time on or after July 1, 1986 which has not been reported to any previous insurer, reinsurer or under any previous “Memorandum of Coverage,” so long as “Discovery” of the loss or situation that may result in loss takes place during the “Term” of this “Memorandum of Coverage.”

H. Audit Requirement:

“We” maintain the right to deny coverage for any loss under **Coverage C- Crime Coverages** in which a substantial contributing cause or factor in the loss itself or extent of the loss is “Your” unreasonable failure to comply with the provisions of the Audit Act, NMSA 1978 §12-6-1 et seq.

SECTION IV- PROVISIONS AFFECTING LOSS SETTLEMENT

A. Limit of Coverage per Occurrence:

If “We” pay for any loss “You” sustain caused by an “Occurrence” under **Coverage C-Crime Coverages**, such payment shall not reduce “Our” duty to pay for other losses caused by other “Occurrences.”

B. Non-Accumulation of Coverage Limits:

Regardless of the number of years **Coverage C-Crime Coverages** remains in force or the number of premiums paid, no coverage limit accumulates from year to year or from “Term” to

“Term.” All losses from a single act or any number of acts by the same **“Employee”** or **“Third Party”** will be treated as a single loss and the applicable Limit of Coverage will apply.

C. Valuation:

Subject to the applicable Limit of Coverage provision, **“We”** will pay for:

- 1) Loss of **“Money”**, but only up to and including its face value or the United States dollar value of a foreign currency based on the currency rate of exchange in effect on the day any loss involving foreign currency is **“Discovered.”**
- 2) Loss of **“Securities”** but only up to their value at the close of business on the business day immediately preceding the day on which the loss is **“Discovered.”**
 - a. **“We”** may at **“Our”** option pay the value of such **“Securities”** or replace them in kind, in which event **“You”** must assign to **“Us”** all of **“Your”** rights, title and interest in those **Securities**; or
 - b. The cost of any Lost Securities Bond required in connection with issuing duplicates of the **“Securities.”** However, **“We”** will pay only so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the value of the **“Securities”** at the close of business the day the loss was **“Discovered”** or the applicable Limit of Coverage.
- 3) Loss of or damage to **“Other Property”** for the replacement cost of the **“Other Property”** without deduction for depreciation. However, **“We”** will not pay more than the least of the following:
 - a. the Limit of Coverage applicable to the **“Other Property”** which has been lost or damaged; or
 - b. the cost to replace the **“Other Property”** that has been lost or damaged with property of comparable material and quality and used for the same purpose; or
 - c. the amount **“You”** actually spend that is necessary to repair or replace the lost or damaged **“Other Property.”** Any property that **“We”** pay for or replace becomes **“Our”** property.
- 4) Loss from damage to the **“Premises”** or its exterior. **“We”** will not pay on a replacement cost basis for any loss or damage:
 - a. Until the damage is actually repaired and unless the repair or replacement is made as soon as reasonably possible after the loss.
 - b. If the damage is not repaired, **“We”** will pay on an actual cash value basis.

D. **Recoveries:**

Any recoveries **"We"** obtain, less the cost of recovering them, made after settlement of loss covered by **Coverage C-Crime Coverages** will be distributed as follows:

- 1) to **"You,"** until **"You"** are reimbursed for any loss that **"You"** sustain that exceeds the applicable Limit of Coverage less the Deductible Amount;
- 2) then to **"Us,"** until **"We"** are reimbursed for the settlement made;
- 3) then to **"You"** until **"You"** are reimbursed for that part of the loss equal to the Deductible Amount.

This provision regarding Recoveries does not apply to any recovery from insurance, suretyship or reinsurance **"We"** have obtained to cover **"Our"** obligations under **Coverage C-Crime Coverages**. This provision regarding Recoveries also does not apply to original **"Securities"** after duplicates of them have been issued.

SECTION V- CANCELLATION PROVISIONS

A. **"Cancellation" as to any Employee:**

Coverage C-Crime Coverages is **"Cancelled"** as to any **"Employee"**:

- 1) effective immediately upon **"Discovery"** by **"You"** of any act of **"Theft"** or other fraudulent or dishonest act committed by that **"Employee,"** whether the act was committed before or after becoming employed by **"You."** **"You"** must report any such **"discovery"** to **"Us"** within 60 days of such **"Discovery."** However, **Coverage C-Crime Coverage** shall be **"Cancelled"** as to that **"Employee"** for any acts of **"Theft"** or **"Forgery"** committed after such **"Discovery,"** whether or not the **"Discovery"** is reported to **"Us."**
- 2) for any other reason other than **"Discovery"** of **"Theft"** or dishonest or fraudulent acts by the **"Employee,"** on the date specified in a notice mailed to **"You."** The date will be at least 30 days after the date of notice.

B. **"Cancellation" of Coverage C-Crime Coverages**

"We" may **"Cancel"** all or any part of **Coverage C-Crime Coverages** at any time in accordance with the Rules and Regulations of the **"Authority"** upon 60 days notice to **"You."**

SECTION VI – DEFINITIONS

A. **"Authority"** means the New Mexico Public School Insurance Authority.

B. **"Banking Premises"** means the interior of that portion of any building occupied by a

banking institution or similar safe depository.

C. **“Cancellation”** means that **“We”** have put an end to all or some of our obligations under **Coverage C- Crime Coverages** as a result of a default by **“You”** or one of **“Your” “Employees”**.

D. **“Computer Fraud”** means the unlawful taking of **“Money,” “Securities”** or **“Other Property”** resulting from a **“Computer Violation.”**

E. **“Computer System”** means a computer or network of computers, including its input, output, processing, storage and communication facilities, and shall include offline media libraries.

F. **“Computer Violation”** means an unauthorized:

- 1) entry into or deletion of data from a **“Computer System;”**
- 2) change to data elements or program logic of a **“Computer System,”** which is kept in machine readable format; or
- 3) introduction of instructions, programmatic or otherwise, which propagate themselves through a **“Computer System.”**

G. **“Counterfeit”** means an imitation of an actual valid original which is intended to deceive and to be taken as the original.

H. **“Credit Card Fraud”** means the **“Forgery”** or alteration of, on or in, any written instrument required in connection with any credit card issued to **“You”** or at **“Your”** request to any of **“Your” “Employees.”**

I. **“Discovery” or “Discovered” or “Discover”** means the time at which **“You”** first become aware of facts which would cause a reasonable person to believe that a loss covered by **Coverage C- Crime Coverage** has occurred or will be incurred or the time when **“You”** receive notice of a claim or potential claim.

J. **“Employee” or “Employees”** means:

- 1) Any natural person:
 - a. while in **“Your”** service;
 - b. whom **“You”** compensate directly by salary or wages ; and
 - c. whom **“You”** have the right to manage the work, direct the work and control the work while performing services for **“You.”**
- 2) Any natural person:

- a. who is a non-compensated officer or elected or appointed official in service to **“You;”** or
 - b. who is a director or trustee in service to **“You”** while performing acts coming within the scope of their usual duties for **“You.”**
- 3) Any natural person who is temporarily furnished to **“You:”**
 - a. as a substitute for a permanent **“Employee”** who is on leave, or
 - b. to meet seasonal or short-term workload conditions, who is assigned to perform **“Employee”** duties while that person is subject to **“Your”** management’s direction and control and performing services for **“You,”** excluding, however, any such person while having care and custody of any of **“Your”** property outside the **“Premises.”**
 - c. **“We”** will not cover any loss caused by any temporarily employed person if such loss is also covered by any fund, insurance or suretyship held by an agency furnishing such temporary personnel to **“You.”**
- 4) Any natural person who is:
 - a. a student enrolled in a school under **“Your”** jurisdiction while the student is handling or has possession of **“Money”** or **“Other Property”** in connection with sanctioned student activities; or
 - b. a “regular volunteer” pursuant to 6.50.18 NMAC in service to **“You”** while handling or in possession of **“Money”** or **“Other Property”** in connection with sanctioned student activities.
- 5) **“Employee”** does not mean any agent, broker, person leased to **“You”** by a labor leasing firm, factor, commission merchant, consignee, independent contractor or representative of the same general nature.

K. **“Forgery”** means falsely making or altering any signature to, or any part of, any writing purporting to have any legal efficacy with intent to injure or defraud or knowingly issuing or transferring a forged writing with intent to injure or defraud.

L. **“Funds Transfer Fraud”** means fraudulent written, electronic, telegraphic, cable, teletype or telephone instructions issued to a financial institution directing such institution to transfer, pay or deliver **“Money”** or **“Securities”** from any account maintained by **“You”** at such institution, without **“Your”** knowledge or consent.

M. **“Indirect or Consequential Loss”** is a loss that is the indirect result of any act or

“Occurrence” covered by this **“Memorandum of Coverage,”** including, but not limited to loss resulting from:

- 1) **“Your”** inability to realize income that **“You”** would have realized had there been no loss of or loss from damage to **“Money,” “Securities”** or **“Other Property,”** or
- 2) payment of damages of any type for which **“You”** are legally liable except as specifically covered under **Part D – Forgery or Alteration Coverage** or **“Your”** liability for damage to premises you do not own under **Part B-Inside the Premises Coverage.**

N. **“Messenger”** means any of **“Your” “Employees”** who is authorized by **“You”** to have care and custody of **“Money,” “Securities”** or **“Other Property”** outside the **“Premises.”**

O. **“Money”** means currency, coin, bank notes and bullion owned or held by **“You”** on behalf of others.

P. **“Occurrence”:**

- 1) As respects **Coverage C- Crime Coverages - Section 1-Part A-Employee Dishonesty Coverage**, **“Occurrence”** means all loss or losses caused by or involving one or more **“Employees”** whether as a result of a single act or a series related acts;
- 2) As respects **Coverage C- Crime Coverages - Section 1-Part B-Inside the Premises Coverages, Part C- Outside the Premises Coverages, Part D- Forgery and Alteration Coverage, Part E- Computer Fraud Coverage, Part F- Money Orders and Counterfeit Paper Coverage, Part G- Credit Card Fraud Coverage and Part H - Funds Transfer Fraud Coverage**, **“Occurrence”** means all loss or losses caused by any **“Third Party”** or in which that **“Third Party”** is involved, whether the loss involves one or more items, one or more **“Third Parties”** or a single act or series of related acts.
- 3) As to losses involving the disappearance or destruction of **“Money”** or **“Securities,” “Occurrence”** means all disappearances or destruction which result from the same event or related series of events.

Q. **“Other Bonds or Insurance”** means any primary [not excess] bonds or insurance coverage **“You”** or any other party in interest acquire as protection against risks covered by **Coverage C-Crime Coverages.**

R. **“Other Property”** means any tangible property other than **“Money”** or **“Securities”** owned by **“You”** or held by **“You”** on behalf of others that has intrinsic value which is not otherwise excluded.

S. **“Premises”** means the interior of that portion of any buildings **“You”** occupy in conducting school related activities.

T. **“Robbery”** means the unlawful taking of **“Money,” “Securities”** or **“Other Property”** from the care and custody of an **“Employee,” “Messenger”** or other authorized person by a **“Third Party”** who has caused or threatened to cause the **“Employee,” “Messenger”** or other authorized person with bodily harm.

U. **“Safe Burglary”** means the taking of:

- 1) **“Money,” “Securities”** or **“Other Property”** from within a locked safe or vault by a **“Third Party”** unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or
- 2) a safe or vault from inside the **“Premises.”**

V. **“Securities”** means all negotiable and non-negotiable instruments or contracts representing either **“Money”** or **“Other Property”** owned by **“You”** or held by **“You”** and includes:

- 1) tokens, tickets and stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- 2) evidence of debt issued in connection with credit or charge cards, but does not include **“Money.”**

W. **“Term”** means the one year period commencing July 1 of a given year and ending June 30 of the following year which is identified as **“Term of Memorandum of Coverage”** on the first page of the **“Memorandum of Coverage.”**

X. **“Termination”** means the expiration of a **“Memorandum of Coverage”** at the end of a **“Term.”**

Y. **“Theft”** means the unlawful taking of **“Money,” “Securities”** or **“Other Property.”**

Z. **“Third Party”** means a person other than an **“Employee.”**

NEW MEXICO PUBLIC SCHOOLS INSURANCE AUTHORITY

GENERAL AND AUTOMOBILE LIABILITY COVERAGES

The schedule of covered “Members” is as follows including any other Educational Entities or Charter Schools added during the Term of this Memorandum of Coverage not named in Schedule A:

SCHEDULE A

1. 21st Century Public Academy (21st Century Charter School)
2. ABQ Charter Academy (School for Integrated Academics & Technologies)
3. Academy for Technology and the Classics
4. Academy of Trade and Technology (Youth Build Trade & Technology High)
5. ACE Leadership High School
6. Alamogordo Public Schools
7. Albuquerque Institute for Math and Science (High Tech High, Albuquerque)
8. Albuquerque School of Excellence
9. Albuquerque Sign Language Academy
10. Albuquerque Talent Development Academy
11. Aldo Leopold Charter School
12. Alice King Community School
13. Alma d' Arte Charter High School
14. Amy Biehl High School
15. Anansi Charter School
16. Animas Public Schools
17. Anthony Charter School
18. Artesia Public Schools
19. Aztec Municipal Schools
20. Bataan Military Academy
21. Belen Consolidated Schools
22. Bernalillo Public Schools
23. Bloomfield School District
24. Capitan Municipal Schools
25. Carinos de los Ninos Charter School
26. Carlsbad Municipal Schools
27. Carrizozo Municipal Schools
28. Central Consolidated School District #22
29. Central New Mexico Community College
30. Cesar Chavez Community School

31. Chama Valley Independent Schools
32. Christine Duncan Heritage Academy (Christine Duncan Community Charter School)
33. Cien Aguas International School

34. Cimarron Municipal Schools
35. Clayton Municipal School District
36. Cloudercroft Municipal School
37. Clovis Municipal Schools
38. Cobre Consolidated Schools
39. Cooperative Educational Services
40. Coral Community Charter
41. Corona Public Schools
42. Corrales International School
43. Cottonwood Charter School
44. Cottonwood Classical Preparatory School
45. Creative Education preparatory Institute
46. Cuba Independent Schools
47. Deming Cesar Chavez Charter High School
48. Deming Public Schools
49. Des Moines Municipal Schools
50. Dexter Consolidated Schools
51. Digital Arts & Technology Academy (Charter Vocational H.S.)
52. Dora Consolidated Schools
53. Dream Dine' Charter School
54. Dulce Independent Schools
55. Dzil Dit Looi School of Empowerment, Actions & Perseverance - DEAP
56. East Mountain High School
57. Eastern New Mexico University
58. El Camino Real Academy (Horizon Academy South)
59. Elida Municipal Schools
60. Espanola Public Schools
61. Estancia Municipal Schools
62. Estancia Valley Classical Academy
63. Eunice Public Schools
64. Explore Academy
65. Farmington Public Schools
66. Floyd Municipal Schools
67. Fort Sumner Municipal Schools
68. Gadsden Independent Schools
69. Gallup-Mckinley County Schools
70. Gilbert L. Sena Charter High School (Creative Education Prep Institute #2)
71. Gordon Bernell Charter School

72. Grady Municipal Schools
73. Grants Cibola County Schools
74. Hagerman Municipal Schools
75. Hatch Valley Municipal Schools
76. Health Leadership High School
77. Health Sciences Academy
78. Hobbs Municipal Schools
79. Hondo Valley Public Schools

80. Horizon Academy West
81. House Municipal Schools
82. J. Paul Taylor Academy
83. Jal Public Schools
84. Jefferson Montessori Academy
85. Jemez Mountain Public Schools
86. Jemez Valley Public Schools
87. La Academia de Esperanza
88. La Academia Dolores Huetra (La Academia de Idiomas y Cultura)
89. La Jicarita Community School
90. La Promesa Early Learning Center
91. La Resolana Leadership Academy
92. La Tierra Montessori School of the Arts & Sciences
93. Lake Arthur Schools
94. Las Cruces Public Schools
95. Las Montañas Charter High School
96. Las Vegas City Public Schools
97. Lindrith Area Heritage Charter School
98. Logan Municipal Schools
99. Lordsburg Municipal Schools
100. Los Alamos Public Schools
101. Los Lunas Public Schools
102. Los Puentes Charter School
103. Loving Municipal Schools
104. Lovington Municipal Schools
105. Luna Community College
106. Magdalena Municipal Schools
107. Maxwell Municipal Schools
108. McCurdy Charter School
109. Media Arts Collaborate Charter School
110. Melrose Public Schools
111. Mesa Vista Schools
112. Mesalands Community College

113. Mission Achievement and Success Charter School
114. Monte del Sol Charter School
115. Montessori of the Rio Grande Charter School
116. Mora Independent Schools
117. Moreno Valley High School
118. Moriarty Municipal Schools
119. Mosaic Academy
120. Mosquero Municipal Schools
121. Mountain Mahogany Community School
122. Mountainair Public Schools
123. Native American Community Academy
124. New America School - Las Cruces
125. New America School – New Mexico

126. New Mexico Activities Association
127. New Mexico Coalition for Charter Schools
128. New Mexico Connections Academy
129. New Mexico International School
130. New Mexico School for the Arts
131. New Mexico Virtual Academy
132. North Valley Academy Charter School (Horizon Northwest)
133. Nuestros Valores Charter School
134. Pecos Independent Schools
135. Penasco Independent Schools
136. Pojoaque Valley Public Schools
137. Portales Municipal Schools
138. Public Academy for Performing Arts
139. Quemado Independent Schools
140. Questa Independent Schools
141. Raton Public Schools
142. Red River Valley Charter
143. Regional Cooperative Education # 2
144. Regional Education Cooperative #8
145. Regional Educational Center # 6
146. Regional Educational Cooperative #7
147. Reserve Independent Schools
148. Rio Gallinas School
149. Rio Rancho Public Schools
150. Robert F. Kennedy Charter High School
151. Roots & Wings Community School
152. Roswell Independent Schools
153. Roy Municipal Schools

154. Ruidoso Municipal Schools
155. Sage Montessori Charter School
156. San Diego Riverside Charter School
157. San Jon Municipal Schools
158. Sandoval Academy of Bilingual Education
159. Santa Fe Community College
160. Santa Fe Public Schools
161. Santa Rosa Consolidated Schools
162. School of Dreams Academy (SODA)
163. Sidney Gutierrez Middle Schools
164. Silver Consolidated Schools
165. Socorro Consolidated Schools
166. South Valley Academy
167. South Valley Preparatory School
168. Southwest Aeronautics, Mathematics and Science Academy - SAMS
169. Southwest Intermediate Learning Center
170. Southwest Primary Learning Center
171. Southwest Secondary Learning Center

172. Springer Municipal Schools
173. Taos Academy
174. Taos Charter School
175. Taos Integrated School of the Arts
176. Taos International School
177. Taos Municipal Schools
178. Tatum Municipal Schools
179. Technology Leadership High School
180. Texico Municipal Schools
181. The ASK Academy
182. The GREAT Academy
183. The International School at Mesa del Sol
184. The MASTERS Program
185. The Montessori Elementary School
186. Tierra Adentro
187. Tierra Encantada Charter School
188. Truth or Consequences Municipal Schools
189. Tucumcari Public Schools
190. Tularosa Municipal Schools
191. Turquoise Trail Charter School
192. UNM Middle College High School
193. Uplift Community School
194. Vaughn Municipal Schools

195. Vista Grande High School
196. Wagon Mound Public School
197. Walatowa High Charter School
198. West Las Vegas Public Schools
199. William W. & Josephine Dorn Charter Community School
200. Zuni Public Schools

Endorsement No. 1

Attached to and forming part of the PROPERTY, AUTOMOBILE PHYSICAL DAMAGE & CRIME COVERAGES - MEMORANDUM OF COVERAGE, NMPSIA MOC No. P16

Only as respects losses within the “**Authority’s**” retention, this endorsement extends the Territory for interests of the “**Member**” for “**Personal Property**” coverage for which the “**Member**” becomes legally liable, to “**Personal Property**” located or in transit anywhere in the world, but such extension shall be subject to a limit of \$50,000 per occurrence.

Nothing herein contained shall alter, vary or extend any provisions or conditions of this “**Memorandum**” other than as above stated.

New Mexico Public Schools Insurance Authority

By: _____ 6-4-2015
Board of Director, President Date

T:\FRC\MISC\3195118 Property Automobile MOC 2014-2015